

Message Text

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PAGE 01 VIENNA 02520 241705Z

53

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SP-02 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-02 H-02

PA-02 PRS-01 USIA-15 CIAE-00 COME-00 FRB-01 INR-07

NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 IO-10 /110 W

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P R 241559Z MAR 75

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 5186

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS VIENNA 2520

EO 11652: NA

TAGS: EFIN, AU

SUBJECT: AUSTRIA NOT JOINING MINI SNAKE NOW

PASS TREASURY, FRB

REF: VIENNA 2451 (NOTAL)

SUMMARY

AT MEETING IN VIENNA MARCH 21-22 FRG, SWISS AND AUSTRIAN
FINANCE MINISTERS EXPRESSED OPTIMISM REGARDING FUTURE
WORLD ECONOMIC PROSPECTS AND PREDICTED FORTHCOMING REVERSAL
OF RECESSIONAL TRENDS IN U.S. AUSTRIA WILL NOT FORMALLY
JOIN BLOC FLOAT AT THIS TIME. SWITZERLAND STILL EXAMINING
FEASIBILITY OF PARTICIPATION IN SNAKE. END SUMMARY

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PAGE 02 VIENNA 02520 241705Z

1. AT PRESS CONFERENCE HELD IN VIENNA MARCH 22 BY FRG,

SWISS AND AUSTRIAN FINANCE MINISTERS, AUSTRIAN FINANCE MINISTER ANDROSCH DECLARED AUSTRIAN EXCHANGE RATE POLICY WILL NOT BE ALTERED AT PRESENT. ANDROSCH SAID EXCHANGE RATE OF AUSTRIAN SCHILLING IS CURRENTLY REALISTIC AND WILL CONTINUE TO CLOSELY FOLLOW SNAKE MOVEMENTS. ANDROSCH DECLARED AUSTRIA WILL NOT FORMALLY JOIN EC BLOC FLOAT NOW, BECAUSE AUSTRIAN EXCHANGE RATE POLICY MUST MAKE ALLOWANCE FOR PRONOUNCED SEASONAL FLUCTUATIONS IN ITS TOURIST AND EXPORT BUSINESS. NEVERTHELESS, HE SAID PARTICIPATION IN EC FLOAT CAN NOT BE RULED OUT FOR THE FUTURE.

2. REGARDING DOMESTIC AUSTRIAN SITUATION, ANDROSCH SAID PRICE STABILIZATION AND FULL EMPLOYMENT CONTINUE FOREMOST GOAL ECONOMIC POLICY TASKS, ALTHOUGH LATTER WOULD HAVE TOP PRIORITY IF NEED ARISES. ANDROSCH ADMITTED LAG OF PRIVATE CONSUMPTION AND INVESTMENT, URGING CONSUMERS TO SAVE LESS AND TO RESUME NORMAL CONSUMPTION BEHAVIOUR; HE ALSO ENCOURAGED INVESTORS TO CARRY OUT THEIR INVESTMENT PROJECTS AS ORIGINALLY INTENDED. IN VIEW OF SIGNS ON INTERNATIONAL ECONOMIC SCENE, WHICH HE CLAIMED WARRANT OPTIMISM, ANDROSCH SAW NO REASON FOR AUSTRIA TO SHIFT FROM CURRENT MILDLY ANTI-INFLATIONARY POLICY TO NEW ANTI-RECESSIONAL COURSE. HE DID ANNOUNCE HOWEVER THAT SOME MEASURES (WITHOUT GOING INTO DETAIL) WERE BEING UNDERTAKEN TO STIMULATE INVESTMENT ACTIVITY.

3. SWISS HEAD OF FINANCE DEPARTMENT, CHEVALLAZ, MAINTAINED IN PRESS CONFERENCE THAT SWISS FRANC RATE CURRENTLY ABOUT 10 PERCENT HIGHER THAN IS REALISTIC AND THAT WAYS AND MEANS BEING SOUGHT TO BRING RISE, CAUSED BY INFLOW OF CAPITAL, UNDER CONTROL. PARTICIPATION IN EC FLOAT IS ONE STEP WHICH IS STILL IN STAGE OF EXAMINATION.

4. AT SAME PRESS CONFERENCE, FRG FINANCE MINISTER APEL SAID D-MARK WILL NOT BE DEVALUED. HE SAID UNEMPLOYMENT IN GERMANY IS TOO HIGH, THEREFORE GERMAN AUTHORITIES ARE PROVIDING MASSIVE STIMULI TO REVIVE ECONOMY.

5. ALL THREE MINISTERS VIEWED WORLD ECONOMIC PROSPECTS OPTIMISTICALLY AND MAINTAINED THAT LOW POINT OF INTER-
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PAGE 03 VIENNA 02520 241705Z

NATIONAL RECESSION HAS ALREADY BEEN PASSED. MOWINCKEL

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